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DOCKET NO. 52876

**NON-STANDARD TRUE-UP FILING OF § PUBLIC UTILITY COMMISSION
AEP TEXAS INC. IN ACCORDANCE §
WITH THE FINANCING ORDER IN § OF TEXAS
DOCKET NO. 39931 §**

**AMENDED JOINT MOTION TO ADMIT EVIDENCE
AND PROPOSED ORDER**

AEP Texas Inc. (AEP Texas) and the Staff (Staff) of the Public Utility Commission of Texas (Commission), the only two parties to this proceeding, timely file this amended motion to admit evidence and joint proposed order in support of AEP Texas's non-standard true-up filing made in accordance with the financing order in Docket No. 39931.¹ The motion has been amended to add Commission Staff's Final Recommendation to the list of evidence requested to be admitted, consistent with Order No. 3.² Similarly, the parties are submitting an Amended Proposed Order, which reflects the addition of Commission Staff's Final Recommendation to the list of admitted evidence.

To facilitate the evaluation of the reasonableness of AEP Texas's non-standard true-up filing and the joint proposed order—provided as Attachment A to this motion—AEP Texas and Commission Staff request to admit the following evidence into the record of this proceeding:

1. AEP Texas's application and all attachments, filed on November 22, 2021 (Interchange Item No. 1);
2. AEP Texas's proof of notice, filed on November 30, 2021 (Interchange Item No. 3); and
3. Commission Staff's Final Recommendation, filed on February 2, 2022 (Interchange Item No. 8).

AEP Texas is authorized to represent that Commission Staff has reviewed and agreed to the amended Proposed Order provided as Attachment A to this motion.

¹ *Application of AEP Texas Central Company for a Financing Order*, Docket No. 39931, Financing Order (Jan. 12, 2012).

² Order No. 3, *Requiring Commission Staff Final Recommendation on the Merits* (Jan. 14, 2022).

RESPECTFULLY SUBMITTED,

/s/ Leila Melhem

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Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that on February 4, 2022, a true and correct copy of this document was filed with the Commission through the Interchange on the Commission's website and that notice of this filing was provided by email to all parties in accordance with the Commission's Second Order Suspending Rules issued on July 16, 2020, in Project No. 50664.

/s/ Leila Melhem

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NON-STANDARD TRUE-UP FILING OF	§	PUBLIC UTILITY COMMISSION
AEP TEXAS INC. IN ACCORDANCE	§	
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AMENDED JOINT PROPOSED ORDER

This order addresses AEP Texas Inc.'s application for a non-standard true up filed in accordance with the Financing Order in Docket No. 39931.¹ The Commission approves AEP Texas's Rider 6.1.1.2.2.1 Initial/Adjusted Transition Charge-3 Rates – Rider TC-3 (Rider TC-3), effective March 1, 2022.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. AEP Texas is a Delaware corporation registered with the Texas secretary of state under file number 802611352.
2. AEP Texas owns and operates for compensation in Texas facilities and equipment to transmit and distribute electricity within the Electric Reliability Council of Texas region under certificate of convenience and necessity numbers 30028 and 30170.
3. Effective December 31, 2016, AEP Texas Central Company (TCC) and AEP Texas North Company (TNC) were merged into their parent company, now called AEP Texas. The merger was approved by the Commission in Docket No. 46050.² The Commission ordered AEP Texas to "maintain separate TCC and TNC divisions, which will continue to charge separate rates and riders, and maintain separate tariffs, unless and until such time as the Commission may consider and approve consolidated rates and tariffs."³ Consistent with

¹ *Application of AEP Texas Central Company for Financing Order*, Docket No. 39931, Financing Order (Jan. 12, 2012).

² *Application of AEP Texas Central Company, AEP Texas North Company, and AEP Utilities, Inc. for Approval of Merger*, Docket No. 46050, Order (Dec. 12, 2016).

³ *Id.* at Ordering Paragraph No. 2.

the Commission's order, AEP Texas maintains two divisions within AEP Texas: AEP Texas – Central Division (formerly TCC) and AEP Texas – North Division (formerly TNC). The Commission approved the consolidation of the rates of the two divisions in accordance with the rates, terms, and conditions of the agreement in Docket No. 49494.⁴ Schedule TC-3 is only applicable to the certificated service area previously served by AEP TCC. As a result, this proceeding only affects AEP Texas – Central Division.

Application

4. In the financing order in Docket No. 39931 filed on January 12, 2012, the Commission authorized AEP TCC (now AEP Texas – Central Division) to issue transition bonds with an aggregate principal amount not to exceed \$800 million and to recover costs associated with such bonds.
5. AEP TCC issued transition bonds and began billing transition charges on March 14, 2012.
6. AEP Texas is the servicer of the transition bonds issued under the Financing Order in Docket No. 39931 (hereinafter, the Financing Order).
7. The non-standard true-up procedure addressed in Findings of Fact Nos. 86 through 88 of the Financing Order allows for adjustment of Rider TC-3 rates for each customer class if the forecasted billing determinants for any one of the classes for an upcoming period decrease by more than 10% compared to the threshold billing determinants established for the annual period ending March 31, 2011.
8. The forecasted billing determinants for the period March 2022 through February 2023 for the commercial and small industrial – energy class are projected to be 1,997,247,224 kilowatt-hours, which is lower than the 90% threshold of 2,001,190,230 kilowatt-hours in billing determinants established in the Financing Order.
9. On November 22, 2021, AEP Texas filed a petition to initiate a non-standard true-up and adjustment of Rider TC-3.

⁴ *Application of AEP Texas Inc. for Authority to Change Rates*, Docket No. 49494, Order at Ordering Paragraph No. 3 (Apr. 6, 2020).

10. AEP Texas' petition includes the direct testimony and exhibits of Jacob A. Miller, senior regulatory consultant in the regulated pricing and analysis department of the American Electric Power Service Corporation's regulatory services department, and the exhibits attached to Mr. Miller's testimony. The attachments to Mr. Miller's testimony include AEP Texas' proposed amended Rider TC-3, which is identified as exhibit JAM-3.
11. AEP Texas filed the application at least 90 days before the proposed effective date of March 1, 2022.
12. Finding of Fact No. 87 of the financing order requires AEP Texas, as the servicer of the transition bonds, to take the following actions in conducting the non-standard true-up:
 - (a) Allocate the upcoming period's periodic billing requirement based on the periodic billing regulatory allocation factors (PBRAFs) approved in the Financing Order;
 - (b) Calculate under-collections or over-collections, including without limitation any caused by retail electric provider defaults, from the preceding period in each class by subtracting the previous period's transition charge revenues collected from each class from the periodic billing requirement determined for that class for the same period;
 - (c) Sum the amounts allocated to each customer class in steps (a) and (b) to determine and adjusted periodic billing requirement for each transition charge customer class;
 - (d) Divide the periodic billing requirement for each customer class by the maximum of the forecasted billing units or the threshold billing units for that class, to determine the "threshold rate";
 - (e) Multiply the threshold rate by the forecasted billing units for each class to determine the expected collections under the threshold rate;
 - (f) Allocate the difference in the adjusted periodic billing requirement and the expected collections calculated in step (e) among the transition charge customer classes using the PBRAFs approved in the Financing Order;

- (g) Add the amount allocated to each class in step (f) above to the expected collection amount by class calculated in step (e) above to determine the final; and
 - (h) Divide the final periodic billing requirement for each class by the forecasted billing units to determine the transition charge rate by class for the upcoming period.
- 13. Rider TC-3, attached to the application as Appendix A, Exhibit JAM-3, properly reflects the changes resulting from the application of the eight-step process.
- 14. AEP Texas complied with the eight-step procedure mandated by Finding of Fact No. 87 of the Financing Order.
- 15. The calculation of the Rider TC-3 rates complies with the requirement of the Financing Order.

Notice

- 16. On November 30, 2021, AEP Texas filed the affidavit of Gregory K. Gullickson, regulatory consultant for AEP Texas, attesting that, on November 22, 2021, AEP Texas provided notice of the application via email to all parties that participated in Docket No. 39931, Commission Staff, the Office of Public Utility Counsel, all municipalities and cooperatives that serve customers in areas of dual certification, and each retail electric provider that has been certified by the Commission to provide electric service in AEP Texas's certificated service area.
- 17. In Order No. 2, filed on December 21, 2021, the administrative law judge (ALJ) found notice sufficient.

Evidence

- 18. On January 14, 2022, the parties filed a motion to admit evidence.
- 19. In Order No. 4 filed on January __, 2022, the ALJ admitted the following evidence into the record: AEP Texas' application and all attachments, filed on November 22, 2021; AEP Texas' proof of notice, filed on November 30, 2021; and Commission Staff's Final Recommendation, filed on February 2, 2022.

Informal Disposition

20. More than 15 days have passed since completion of the notice in this docket.
21. No person filed a protest or motion to intervene.
22. AEP Texas and Commission Staff are the only parties to this proceeding.
23. No party requested a hearing and no hearing is needed.
24. This decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. AEP Texas is a public utility as defined in PURA⁵ §§ 11.004(1) and an electric utility as that term is defined in PURA § 31.002(6).
2. The Commission has authority over this matter under PURA §§ 14.001, 39.301, 39.303, and 39.307, and the financing order in Docket No. 39931.
3. The Commission processed the application in accordance with the requirements of PURA, the Administrative Procedure Act,⁶ and Commission rules.
4. AEP Texas provided adequate notice of this proceeding in accordance with 16 Texas Administrative Code (TAC) § 22.55 and the financing order in Docket No. 39931.
5. The rates approved in this Order are just and reasonable under PURA § 36.003(a).
6. In accordance with PURA § 36.003(b), the rates approved in this Order are not unreasonably preferential, prejudicial, or discriminatory and are sufficient, equitable, and consistent in application to each class of customers.
7. The calculation of Rider TC-3 rates set out in appendix A, exhibit JAM-3 to the application complies with the requirements of the financing order in Docket No. 39931.
8. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

⁵ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001 – 66.016.

⁶ Tex. Gov't Code §§ 2001.001 – .903.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission approves 6.1.1.2.2.1 Initial/Adjusted Transition Charge-3 Rates – Rider TC-3 attached to the application as appendix A, exhibit JAM-3 effective March 1, 2022.
2. Within 10 days of this Order, AEP Texas must file a clean record copy of 6.1.1.2.2.1, Initial/Adjusted Transition Charge-3 Rates – Rider TC-3 for central records to stamp *Approved* and retain for future reference.
3. The Commission denies all other motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the ____ day of _____ 2022.

PUBLIC UTILITY COMMISSION OF TEXAS

PETER M. LAKE, CHAIRMAN

WILL MCADAMS, COMMISSIONER

LORI COBOS, COMMISSIONER

JIMMY GLOTFELTY, COMMISSIONER